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Profit sharing plans for salesmen.

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R. S. Alexander

S P E C I A L   R E P O R T 59

PROFIT SHARING PLANS FOR SALESMEN, SALES EXECUTIVES,
DEPARTMENT MANAGERS AND OFFICE WORKERS;
WITH A SECTION ON THE COMPENSATION
OF THE SALES MANAGER

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Dartnell Corporation

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Compiled by
J. C. ASPLEY, CHICAGO

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PURPOSE OF THIS REPORT

It is not the purpose of this report to go into detail concerning profit sharing plans for factory workers, inasmuch as this subject has already been thoughtfully treated by such institutions as Alexander Hamilton Institute, Babson's Statistical Organization, and the authors of several excellent books to say nothing of the U. S. Department of Labor.

This report concerns itself only with plans, or portions of plans, which are applicable to the executive and sales staffs. We have heard much about profit sharing as a cure for labor unrest. But we have heard little about profit sharing as a cure for executive unrest, which while not so boisterous as the unrest of the factory worker is quite as pronounced, and fraught with even more serious consequences to the business.

This report is in no sense a blanket endorsement for the profit sharing plan. Indeed, it comes out clearly in gathering the data for it, that there are just as many reasons against it as there are for it. What we have aimed to do is to set forth, impartially and without bias, the exact facts as we have gathered them from the experience of over 300 concerns, and then leave it to the individual subscriber to draw his own conclusions. A profit sharing plan might work splendidly for the executives of one business, but prove fatal for another.

Even though your concern is not at present interested in this subject, it is recommended that this report be filed for reference. Should the question come up later, as is very likely, the data which we have here gathered at considerable expense may prove of material value far exceeding the cost of this report. So far as we know, it is the only authorative and comprehensive report dealing with the question of profit sharing for the sales and executive worker.

A SPECIAL REPORT ON PROFIT SHARING PLANS FOR GENERAL AND SALES EXECUTIVES, SALESMEN AND OFFICE WORKERS

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WHAT PROFIT SHARING IS INTENDED TO ACCOMPLISH -- An analysis of thirty odd general profit sharing plans in use, including those of the Ford Motor Company, Sears Roebuck & Company, Eastman Kodak Company, Dennison Manufacturing Company, Sunlight Soap Works (England), Proctor & Gamble, Way Sagless Spring Co., A. W. Burritt & Co., International Harvester Company, William Demuth & Company, leads us to the following conclusions regarding profit sharing so far as it may be applied to all employees, both shop and office:

1: As a general thing, profit sharing plans have not been successful in preventing labor unrest among factory workers. Even in these days of fair profits the militant minorities among workers in factories, sharing profits have provoked strikes.

2: The Bureau of Labor statistics show that the dividends paid under profit sharing plans by 34 concerns were too small to influence unrest in the present era of high prices. The profit is seldom over 6 percent. Indications are that if a period of reduced profits were to set in, the plan would be still less effective.

3: Indications are not lacking that organized labor will eventually open a campaign against profit sharing in the factory, if indeed such a campaign is not even now being secretly waged. Labor leaders, jealous of their power and concerned mainly about their continuance in office, cannot be expected to passively permit workers to be weaned away from local unions by profit sharing plans, whatever they may say in public to the contrary.

> 4: While there are cases where profit sharing and so called plans of "industrial democracy" have and are proving successful, it is doubtful in the opinion of economists who have given study to the results so far accomplished, whether these plans will give permanent relief after the novelty has worn off.

An analysis of these same plans, however, proves conclusively that profit sharing is not only feasible, but in many instances highly beneficial when applied to those in higher positions. Several concerns who have tried profit sharing for all employees have abandoned the idea in the factory, but continued it in the office and among the sales force. In most cases of this kind which we have investigated we find that the benefits have been mutual, and that greater efficiency and better recations have resulted. All in all, our information leads to this conclusion: Profit sharing for the factory work is not desirable. It does not satisfy the worker even in times of high profit, and will, therefore, prove a liability rather than an asset in times of poor profits, as workers will not accept a reduction in earnings when it is possible for them to make more money elsewhere. But profit sharing for the salaried employee, or the commission salesman is in most cases desirable for it appeals to that class of employees who can better understand and appreciate its operation.

PROFIT SHARING PLANS FOR SALARIED WORKERS: A subscriber, writing upon the apparent failure of profit sharing for factory workers, questions the wisdom of going to so much trouble to satisfy the salaried worker. "We have reached the conclusion," he says, "that about as good a way as any is to pay adequate salaries large enough to keep our force contented." There is a good deal of logic in this attitude. There are, however, several important advantages that may be over-looked.

Foremost among the advantages of the salary and profit sharing plan as against the straight salary or straight commission, is the building up of esprit de corps. Employees feel that any saving they may effect benefits them. They

feel that they are in business for themselves, and take a deeper interest in the welfare of the company, not only as pertains to matters which come to the attention of their immediate superior, but in matters not strictly within their province. There is a big difference in the value to a business of an employee who feels that he is working for himself, and one who feels he is working for his pay envelope and when that same feeling is held by all the salaried employees of a business, a noticeable increase in efficiency is the logical result.

There are several ways of producing this effect. But all of these plans should be built on definite fundamentals. These fundamentals have been thoughtfully set down in a most excellent report on the subject of profit sharing by the Alexander Hamilton Institute as follows:

1: Belief on the part of employers that employees are entitled to share in the profits: It is needless to say that, if the employer does not honestly believe that the plan he is seeking to establish is just, the employees will soon come to the conclusion that it has been established simply to get more work out of them.

2: Study of peculiar needs: It is impossible to adopt bodily any profit sharing plan used by some other concern. It must be adapted to the peculiar needs of the organization to which it is applied. There are so many points to be considered in connection with such a system, that earnest consideration should be given before any plan is adopted.

3: A definite agreement: It is a serious and usually complicated business to start a profit sharing system. There are possibilities of misunderstanding, unjust claims, and even of lawsuits. It is, therefore, necessary to draw up a clear and carefully worded agreement to which reference can be made in case of dispute. Many employers, in order to protect themselves from litigation, stipulate that the undertakings of this arrangement are subject to modification and not enforcible at law.

4: Simplicity: The plan should be drawn up in such simple language that it may be readily understood by the worker, as well as by the employer. This is manifestly necessary in order that no disputes may arise in regard to the construction to be placed upon any part of the agreement.

5: Co-operation between the employer and the employee: It is quite impossible to make such a plan practicable unless each

party to the arrangement understands the other and co-operates to the fullest extent.

5: Reward must be timely: If the reward offered by the employer is too far removed, the plan, even though drawn up in the most excellent form, will be worse than useless. Speaking very generally, the rewards should follow as closely as practicable the work done to obtain them. The fact that a reward which is to be given only after the end of six month's or a year's work does not appeal so strongly to a man as one that he receives weekly or monthly, constitutes one of the major difficulties of the whole idea.

7: Reward must be adequate: Any reward offered to the worker must be large enough to appeal to him. The return over the regular wage must be such that the worker will be repaid for the additional effort he has expended.

8: Basis of distribution fixed in advance: If the basis of distribution of the reward is not fixed in advance, the plan lacks one of the salient features of profit sharing; which is, that a definite proportion of net profits shall be distributed.

9: Profit sharing must not be counted as a part of the wage by either party: This is one of the danger points. The employee is apt to do so and frequently employees have actually spent or borrowed on the amount that they expect to receive at the time the profits are divided. It is evident that such a course is dangerous to the employee, who may over-estimate the amount coming to him. It may lead him, moreover, to an injudicious expenditure of this extra income on current needs. Employers are just as negligent in this respect and are apt to think, though they may not say so to the employee, that the amount which he gets at the profit sharing time is a part of his renumeration.

10: Purpose of plan must be predetermined: It is necessary to determine in advance what special purpose is to be arrived at in installing profit sharing, and to have the details arranged accordingly. A plan which aimed at industrial efficiency might be useless in securing length of service.

11: Care after installation: A system of this kind will not take care of itself. It must be watched with a great deal of care, and the interest in it must be kept up, both by the employer and by the employee.

10 yrs

12: A fair trial: It has been said by some writers that a system of this kind ought not to be installed unless the employer is willing to give it at least two or three yars' trial. This does not seem to be any too long, in view of the difficulties connected with it.

SELLING THE PROFIT SHARING IDEA TO THE PARTICIPANTS: It is true of any new idea to be applied to an organization that its success depends very largely

on the way it is put up to the men. A sales contest fails very often, because the men have not been put in a receptive mental attitude for it. So in installing a new plan of compensation, it must be well "sold." If such a plan is instituted at the request of the men themselves, it will be much better received than a plan that is offered by a charitably inclined management. The following letter is contributed by a large security concern who instituted a profit sharing plan for salesmen, and it might prove helpful in showing how one concern presented profit sharing to the sales force:

Dear Sir:

We have been giving a great deal of time and thought and seeking advice wherever we thought it would be valuable on the question of compensation to salesmen. Personally, I have been very desirous of arriving at some profit-sharing basis fair to the firm and fair to the salesman that might work out automatically so as to avoid the embarrassing question of constantly discussing this subject. My own experience, covering now about twenty-five years in the business, convinces me that the true method is one based on results. This means results both to the firm and by the individual. It goes without saying that a firm rises or falls, succeeds or fails, wholly on the basis of results. The individual cannot always be rated on this, because there may be conditions that govern which may be beyond his control, and he may do certain work that may not show up in immediate results, but my experience is that, in the long pull, the individual who devotes the proper amount of time and effort to any territory in which he works will be satisfied to be judged by the results over a period of years.

In railroads and other corporations it has become the practice to have departments, and to put competent men at the head of these departments and to let these departmental heads adjust the matter of territory and efforts and judge of results. In this method, however, there is always the possibility of favoritism or of overlooking certain endeavor or effort that is really entitled to recognition. What I have been trying to do is to cover all of these points and to decide upon a standard of gauging the result of efforts in various directions.

I wish to express personally, my appreciation of the patience each of our force has shown in waiting for these methods to be worked out and tested, and while I do not feel that we have yet fully covered the ground or arrived at an absolutely satisfactory solution, I do think we have reached a point where we can start in by putting into effect certain plans that we have been working on with the idea of giving them a fair trial.

I think any fair-minded man will agree that the capital employed in any business is entitled to a fair interest return as a fixed charge.

Then comes the risk of doing business. Everybody who has been in the business for a period of years will recognize, no matter how conservative the house may be, or how careful in the selection of its securities, that there are bound to be periods when a house cannot avoid sustaining losses, unless it has such an enormous capital that it had best simply invest its money and not try to do business; in this case there is, of course, nothing left to be divided in the way of profits -- it is simply a question of interest on invested capital.

The next, or third consideration, is probably the reputation of the house, which is entitled to recognition. If a firm has itself, or is able to command for a long period, a sufficient capital with which to do a large business, these questions of risk and of its reputation, which is derived from careful management, from the selection of competent and high class employees, from advertising and any of the other many methods to which success may be attributed, are factors entitled to recognition.

Therefore, our theory is that salesmen or others who devote their abilities and time to the interests of the house should receive a certain fixed compensation or salary, which they may rely upon whether business is good or bad. This salary would be gauged, however, upon the character of the results they have been able to show. Of course, devotion and loyalty to a business are entitled to recognition, but, as things go in this world, it is very difficult to fix upon a fair compensation for this quality of loyalty and devotion, and it has become a very general practice in commercial houses to estimate this compensation on results and the value to the house of the responsibility assumed by the individual.

Therefore, after a fair allowance is made for capital, the risk of business and the reputation of the house, if the business is successful there is a divisible surplus that should be divided among those who get results on the basis -- as nearly and so far as it can be ascertained -- of these results.

The individual who has the ability to do things on his own initiative and to turn in results that are creditable and profitable, should be willing to be compensated on the basis of those results; therefore, it is largely a question of ascertaining what is the fair basis of dividing these results so that at end of a given period the capital of the house has not been impaired, that it is still in a position to continue along the lines which it is organized to pursue, and, if the individuals selected get these results, are competent and have given a good account of themselves, they should find in this organization as good a field to compensate them fairly for their efforts and on their merits as they could find anywhere else.

I propose, therefore, that we put into effect plans which we have carefully worked out in each of the offices for the salesmen, these arrangements to be made through the head of the Sales Department in each office, with the hope that the plan will work satisfactorily, become practically automatic, and result in very much less discussion of these matters than has heretofore been the case.

In this connection, speaking from a long experience, I think it

proper to warn salesmen against the advisibility of discussing these arrangements with representatives of other houses, in fact, against wasting their time and efforts in discussing these questions among themselves. Constant discussion of these questions does not bring results--the same amount of time and effort directed toward getting results will bring far more satisfactory returns than constant discussion and fretting whether this one or that one is getting more or less than he would like to have or than anybody else is getting.

In talking about this matter with some well-established houses, not only in our line but in some other lines of business, particularly mercantile houses, I have been pleased to find that representatives and employees were not aware of what others were getting and paid no attention to it. It was simply a question of whether the particular place and opportunity afforded the individual as good a forum in which to work out his destiny as anything to which he could apply his talents.

There was also other matters which are entitled to consideration in this connection, such as the proper employment of time, use of facilities and opportunities, the care with which expenses are watched and the general interests of the house, for this must, of course, come back to affect each individual, and, aside from what is fair and what is good morals, purely from a selfish point of view, the individual who has these matters in mind is bound to accomplish the most for himself.

This house has been growing and expects to grow. It will be the policy of the house to fill the more important positions from the ranks rather than to seek talent from the outside. This again will be based as nearly as possible on merit, and our effort will be to devise a system that will make a record possible, dependent not upon the whim or favoritism of any one individual or of any member of the firm, but upon what the results accomplished by each individual show him to be entitled.

A PLAN WHEREBY SALESMAN SHARES LOSSES AS WELL AS PROFITS: Clawson & Wilson Company of Buffalo, N. Y. has tried both the salary and commission plans. It found the salary plan undesirable, because it discouraged initiative, and did not always reward the men on the basis of what they did. Too often the men were rewarded on the basis of what the house thought they did. Again, a salesman who succeeded in increasing his sales materially by dint of hard work, was sometimes compelled to wait several months before he was awarded for that extra effort, by an adequate raise in salary. This the company felt was not fair to the salesmen, who ought to really share the profit on each sale at the time it is made, and not be required to wait.

Some of these major objections to the salary plan were overcome in the

commission plan, but this too, was unsatisfactory because it encouraged men to push the articles which they sold easiest. To encourage the salesman to direct selling energy along lines that would be to the house's best interests -- and by the same reasoning to the salesman's own best interests, the management decided on a plan of compensation that enabled salesmen to automatically regulate their own salaries and encourages them to keep expenses down to the very lowest point consistent with results.

The plan in a nut-shell is to group all the products sold according to the margin of profit they offer the house. The salesman is told just what the profit is in each item. When his orders come in, the accounting department credits his account with the profit on that sale. At the end of the period, the profits on all sales is totaled up. Cancellations, returned goods on former orders and expenses deducted, and the salesman is paid a predetermined portion of this net profit.

What this portion should be depends on several factors. One important factor is the nearness of the territory to the home office. The company finds it easier for the salesmen to sell near Buffalo, than in the middle western states. So the salesmen working nearer the home office gets a smaller portion of the profit on his work than the salesman working say, upper Michigan. Other territories are those sometimes spoken of as in the "nursing condition." On these territories the company is willing to take a temporary loss, knowing that eventually a good business will be built up under strong, constructive salesmanship. So the salesman working this sort of a territory, quite often gets a premium from the company as well as whatever profit he is able to make. Again some salesmen are better business builders than others. While their immediate sales may not be as large, they take pains to make better customers as they go. This is work which the company will cash in on for years to come. The company

can well afford to allow that kind of a salesman a far greater share of the profits on his work, than a salesman who travels over the territory skimming the cream from it, and leaving tomorrow to take care of itself.

As stated, the plan suggested here is not in any sense experimental, and can be adapted by any business where it is desired to encourage salesmen to push more profitable lines, maintain prices and keep down expense accounts. This plan lets the men share profits during a period of prosperity, and shoulders them with some of the loss in a period of depression.

A still further advantage of this profit sharing feature is that it tends to attract better salesmen. Clawson & Wilson have men who make as high as $10,000 a year under this plan, who would have to be content with a $5,000 salary were they working for a concern using the old salary plan. But a man who can make big profits for himself is to be welcomed, because the success of the company depends largely on what he gets out of his territory. Putting on a salesman who can get twice as much business out of a territory, means more than double profits from that territory for the company, because it costs no more to travel a good salesman than it does a poor one.

This Clawson & Wilson plan was originally submitted to Dartnell subscribers in 1916 shortly after it was installed. The following letter under date of October 7, 1919 from James Wilson, vice-president and general manager of the company -- three years afterward -- is of interest:

> "This arrangement with the travelling men and also with the department managers has worked out very satisfactorily and, of course, for the past two years when profits have been rather abnormal, they have made considerable money and are very well pleased. Our department managers draw a fixed salary and get a percentage of the profits made in their own particular department over a certain fixed amount which varies in the different departments.
>
> "However, there are some executive positions that cannot show a profit. For instance, the man in charge of our shipping department, we have him on a different basis and we give him a percentage on

what he can save. We figure that it costs so much to ship every $1000.00 worth of merchandise based on our experience of several years previous and whatever he can save on that amount, he gets a percentage of. Then again, others we give a flat bonus to at the end of the year as there is no way of their showing in actual figures just what they have made for us. This refers to office executives."

PLAN OF THE PERIODICAL PUBLISHING COMPANY: John H. Nind, Jr., vice-president of the Periodical Publishing Company, publishers of several furniture trade papers, sends us the following data regarding the plan his company has worked out for compensating its advertising salesmen, as well as all other salaried workers:

"In general, the profit sharing plan is as follows: After the stockholders have received six percent on their stock, representing merely interest on the money invested, employees receive dividends on the amount of their annual salaries at the same rate as stockholders on their stock.

"For instance, if a six percent dividend only is earned and paid, employees receive no profit sharing bonuses, but if a 10% dividend is paid, an employee with a salary of $1,000 per year, would receive 4% on that amount just as the stockholder with $1,000 of stock would receive 4% on his stock in addition to the initial 6%.

"Prior to April 1, 1919, all advertising space salesmen were paid on a commission basis. On that date the company assumed all travelling expenses of advertising space salesmen, and paid representatives on the basis of salary and expenses. The statement of the working basis laid down for advertising representatives is as follows, after eliminating features relative to the nine month's period of the current year:

"Each advertising representative shall be paid a salary and expenses. For the purpose of determining the actual earnings of each representative, memorandum accounts shall be kept. These accounts shall show all amounts drawn as salary and expenses. They shall also show the advertising representative's earnings. For this purpose all business originating in each representative's territory will be credited to him on the previously established commission basis; that is, when the business comes direct from the advertiser and is billed to him, a credit of 20% on published business will accrue to the advertising representative. In the case of business coming from an Agency where the agent is paid 10%, the credit to the advertising representative on published business will be 15% of the amount of the advertising invoice. In cases where the home office of the advertiser is located in one advertising representative's territory, and the order for the advertising comes from an advertising agent with headquarters in another advertising representative's territory, the 15% commission credit shall be divided 7½% to the

representative in the other territory. The above records are solely for the purpose of establishing the salary of the representative and shall not be considered as commission earnings except for the purpose of establishing an equitable salary.

"When the records thus kept shall at the end of a calendar year show that the salary and travelling and other expenses of an advertising representative are exceeded by the total of credits thus earned for a calendar year, automatically a new salary basis shall be established for the ensuing year. To establish the new salary basis, the amount of the travelling and other expenses (but not the salary) shall be deducted from the total of the credits and the balance shall establish the amount of the salary to be paid in twelve monthly or 52 weekly installments.

"In figuring the deduction for travelling expenses, the average from any available record over a period of years in the specific territory, shall be the basis. In establishing any increased salary for the year 1919, necessarily the nine months of 1919 alone will be the only basis for calculation. Salaries thus established shall not be reduced when a representative's credits for a given year do not equal his salary and travelling expenses. Several successive year's continuation of a condition whereby salary and expenses exceed credits, or circumstances calling for a general reduction of wages throughout the organization, shall be necessary for a reduction of an advertising representative's salary established by previous earnings.

"In addition to advertising representatives' salaries being established by their earnings, as above indicated, advertising representatives shall participate in the general profit sharing plan of the organization as follows:

"This profit sharing arrangement provides that after the stockholders have received 6% interest on the money which they have invested in the stock of the company, at par, all employees share in additional profits on the basis of their salary. Thus, when dividends of 10% are paid, for instance, the employee receiving $1,000 during the year as wages, receives 4% as a profit sharing dividend on the amount of $1,000. In the case of advertising representatives, the salary basis for the computation of any profit sharing dividends shall be the amount of all commission credits for the year less the deduction for travelling and other expenses.

"For instance, should the memorandum commission credits to an advertising representative receiving $60 per week exceed the amount of his salary for the year or $3,120, then the amount of those credits less the amount of the travelling expenses shall be considered the salary for the year on which profit sharing dividends are figured rather than $3,120.

"The Directors of the company stand strongly for the principle that those who make the publications and whose activities are confined very largely to editorial or inside work at the home office, are fully as much entitled to generous treatment as are the outside or advertising representatives. The ability of the representatives to successfully sell advertising space in our publications, is to a large extent due to the quality of those publications as made by the inside representative.

"While it is believed that the salary and profit sharing basis for advertising representatives outlined above, will not require change, nevertheless, should continued operation of the above plan indicate an undue proportion of reward, going to the advertising representatives as against the stockholders or editorial members of the organization, a readjustment of the above arrangement would be necessary. Such a readjustment will not be made prior to January 1, 1922."

There are a number of elements in this arrangement to which attention should be properly directed. The purpose of making the salary increases dependent on net income after expenses have been deducted, is of course, to induce representatives to keep their expenses as low as possible. The purpose of having representatives share in the credit for business when the account is handled by an advertising agent in one territory and the home office of the advertiser is in another territory, is of course, to secure cooperation between branches of the organization.

Prior to the time when the profit sharing arrangement with salaries was in effect with advertising representatives, the inside organization felt that the outside organization was receiving an undue proportion of the income: in other words, that outside renumeration was relatively higher than renumeration to employees in the office. When the change was made from commission to salary basis, an adjustment in salaries all along the line was made, which generally speaking, met with the approval of the personnel both inside and outside.

STOCK PROFIT SHARING IN A CLOSED CORPORATION: There is a decided tendency among corporations whose stock is held by a few officials or in a family, to set aside a portion to be spread around among deserving executives. It is generally recognized that we are living in a new era and that a more liberal policy must be adopted. In the long run this is a wise policy, especially in the case of brokerage and jobbing houses. The following letter from H. M. Huffman, vice-president of the Davis Sewing Machine Co., Dayton, Ohio, is of interest in this connection:

1. A large corporation in which the common stock was held within a small group, agreement was made among all common stockholders that they give up a certain percent of their common stock, which would be "hung up" for the executives.

The stock was nominally purchased by a trustee at the market price and the stockholders giving up stock were repaid for it by dividends on the stock, the payments being credited to the executives, among whom it was pro-rated in proportion to their salaries.

The expense to the common stockholders in carrying out the plan was on a

Memorandum Of Profit Sharing Agreement

(ORIGINAL)

Memorandum of Agreement entered into this ________ day of ________________ 19____

between **THE BLANK COMPANY**, of the City of Louisville, Kentucky, party of the first part, and

____, of the City of ________________________, party

of the second part.

THE BLANK COMPANY agrees to employ the said ________________________________

beginning ____________________ until December 31, 19____, and said ____________________

accepts such employment hereby.

CONFIDENTIAL CONTRACT—The terms of this contract shall be kept strictly confidential, and shall not be divulged to any one—either an employe, traveling salesman of our company or to any competitor or outside party. Any failure to respect the confidential nature of this Contract on the part of the party of the second part shall, at the option of the first party, immediately operate as a cancellation of this contract.

Party of the second is to devote his entire services to the party of the first part, and under no circumstances is the party of the second part to sell goods or do work for any other person or persons, firm or corporation. The party of the second part is to give his best efforts at all times and cover such territory as the party of the first part directs.

COMPENSATION—The party of the first part will pay the party of the second part as compensation, and to cover salary and expenses .. per cent of the profits made by said first party upon the amounts received by said first party upon all orders taken by said second party, such profits to be computed by said first party; it being expressly understood that all orders taken shall be subject to the approval of the first party and compensation is to be paid only on such orders as are duly accepted and shipped by the party of the first part.

On computing the profits to which the second party may be entitled under this clause, deductions shall be made as provided under clause entitled "BAD DEBTS."

SETTLEMENT—The settlement between the first and second parties for the purpose of determining the amount, if any, due and owing said second party, under the clause herein entitled "COMPENSATION," shall be made within 60 days after the close of the fiscal year of said first party.

PAYMENTS—Party of the first part will allow party of the second part a drawing account at the rate of ...... per month at the end of each calendar month on account of the earnings of the party of the second part up to the time such payment is made.

GUARANTEE—The party of the first part guarantees that this contract in its entirety will pay the party of the second part only the amount advanced, as per clause entitled "PAYMENTS," i. e., to say party of the first part guarantees this contract only to the extent of making the payments to the party of the second part in its entirety in the amount advanced, as per clause entitled "PAYMENTS."

MAIL ORDERS—The sales of the party of the second part will be credited with every mail order received from those merchants in his territory after his first sale to them in person, and said party of the second part shall receive ...... per cent of the profit on the same, the same as if order had been taken by the said party of the second part in person.

HOUSE ORDERS—The sales of the party of the second part will be credited with every house order received from those merchants in his territory after his first sale to them in person, and said party of the second part shall receive.... per cent of the profit on the same, the same as if order had been taken by the said party of the second part in person.

DEDUCTIONS—It is understood that from party of the second part's portion of the profits on Mail Orders and House orders, he is to bear the cost of getting these orders on a pro rata basis, viz., expense of the advertising, Mail Order Department and House Salesmen in proportion to the amount credited.

ADVANCE FOR EXPENSE MONEY—Party of the first part will guarantee to advance party of the second part a traveling fund of $.... for expenses, etc., with the understanding that at the end of each week itemized report of expenditures for that week is sent in, so as to reach party of the first part not later than Monday, together with Route Sheet and Calling List, check for the amount will be sent party of the second part at once, so the traveling fund will always remain $.....

TERRITORY—Party of the second part's territory will be as follows until otherwise notified, viz.:

____

____

____

____

SPECIAL SALESMEN—Party of the first part reserves the right at any time to put special salesmen in the above territory to bring up the sales on any item or Department, the sales of such Special Salesmen to be credited to party of the second part and the expenses charged to party of the second part.

(OVER)

diminishing scale. The total cost to them was the interest on the balance owed them by the trustee on their stock. Each dividend decreased the amount so invested with a corresponding decrease in the annual cost of operating the plan.

The common stockholders believe that it is good business for them to make it an especial object to the executive officers to produce satisfactory earnings for the company, for regardless of how conscientious a manager may be, exceptional results are seldom obtained under the ordinary salary form of reward. The actual results had by this house prove that the best results are to be had through proportionate participation in profits arising from the business by the men to whom the owners of the company intrust the conduct of the business. Managers interested as co-partners have a direct incentive to make profits and effect savings. This direct incentive produces results that cannot otherwise be obtained.

The inducement of the bonus based on the dividend on common stock is that it makes all past and present bonuses productive only in proportion to the company's earnings, which is probably the strongest argument there is for insisting upon the investment of shared profits in the company's stock.

MAKING STOCK PROFIT-SHARING PLANS EASY TO GRASP: Much of the value of profit-sharing plans are lost, because they are never fully understood by the salesmen or the executives benefited. The Sill Stove Works have used a profit-sharing plan (details follow) for several years. They employ salesmen of above the average intelligence, yet Mr. Will advises us that they find many of their men do not understand the operation of the plan, which is quite simple. It seems to be the concensus of opinion that much of the success of any stock participation plan depends on the pains taken to explain its every detail to the men.

SHARING THE SAVINGS WITH THE SALESMEN: An evolution of the profit-sharing plan is used by one or two subscribers which might be better termed, sharing the savings. This plan is based on a fixed cost of getting business out of a given territory and then sharing the savings with the salesmen or branch managers. The following plan is used by the Sill Stove Works, and submitted through courtesy of Mr. Phillip Will, vice-president of the concern:

Each salesman is given an expense allowance in terms of a percentage of his volume of business. If the volume of business in that territory and the expense of operating it in previous years are known, then these

figures are used as a basis to start from. For example: the given territory has produced $30,000 of business and the cost of securing it, salary and traveling expense complete was $3,000. This gives the salesman an expense allowance of 10%.

The salesman receives half of any "profit" or "saving" which he may make either by reason of reduced expense or increased sales, for example: the following year his sales remain the same $30,000, but he reduces his expense to $2,800. His expense allowance on the 10% basis is $3,000, the saving is $200.00, he gets half or $100.00.

Again, if the salesman increases his sales to $40,000 his expense is $3,200. 10% of $40,000 gives an expense allowance of $4,000. Therefore, the saving or profit of $800.00 is shown, of which the salesman gets one-half or $400.00.

Every sort of expense that may be properly included in the cost of operating a particular territory is included, automobile expense, of course, including insurance (these are owned by salesman.) Any price concessions beyond our regular standard net prices for the quantity and the conditions are also charged in as territorial expense.

This "profit-sharing" or "bonus" is handed to the salesman in one amount at the end of the year. This same amount is also added to his salary to make his salary for the following year. This salary is subject

The following tables have been prepared to show how monthly payments of $1 and upwards will pay for Profit Sharing Certificates in amounts ranging from $50 to $1,000.

While the Profit Sharing Plan provides that the yearly credit shall be 1% of the employe's wages, these tables show in each case a credit of $10, this being the minimum amount which will be credited to each subscriber who has been in the Company's employment throughout the preceding year.

		$1.00 Per Mo.	$2.00 Per Mo.	$3.00 Per Mo.	$4.00 Per Mo.	$5.00 Per Mo.	$6.00 Per Mo.	$7.00 Per Mo.	$8.00 Per Mo.	$9.00 Per Mo.	$10.00 Per Mo.	$11.00 Per Mo.	$12.00 Per Mo.	$13.00 Per Mo.	$14.00 Per Mo.	$15.00 Per Mo.	$20.00 Per Mo.	$25.00 Per Mo.
1919																		
Jan. 2	1% of Wages (Minimum)	$ 10 00	$ 10 00	$ 10 00	$ 10 00	$ 10 00	$ 10 00	$ 10 00	$ 10 00	$ 10 00	$ 10 00	$ 10 00	$ 10 00	$ 10 00	$ 10 00	$ 10 00	$ 10 00	$ 10 00
Dec. 31	12 Monthly Payments	12 00	24 00	36 00	48 00	60 00	72 00	84 00	96 00	108 00	120 00	132 00	144 00	156 00	168 00	180 00	240 00	300 00
" 31	Interest at 5%	78	1 05	1 33	1 60	1 88	2 15	2 43	2 70	2 98	3 25	3 53	3 80	4 08	4 35	4 63	6 00	7 38
		$ 22 78	$ 35 05	$ 47 33	$ 59 60	$ 71 88	$ 84 15	$ 96 43	$ 108 70	$ 120 98	$ 133 25	$ 145 53	$ 157 80	$ 170 08	$ 182 35	$ 194 63	$ 256 00	$ 317 38
1920																		
Jan. 2	Balance	$ 22 78	$ 35 05	$ 47 33	$ 59 60	$ 71 88	$ 84 15	$ 96 43	$ 108 70	$ 120 98	$ 133 25	$ 145 53	$ 157 80	$ 170 08	$ 182 35	$ 194 63	$ 256 00	$ 317 38
" 2	1% of Wages (Minimum)	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00
Dec. 31	12 Monthly Payments	12 00	24 00	36 00	48 00	60 00	72 00	84 00	96 00	108 00	120 00	132 00	144 00	156 00	168 00	180 00	240 00	300 00
" 31	Interest at 5%	1 92	2 80	3 69	4 58	5 47	6 36	7 25	8 14	9 02	9 91	10 80	11 69	12 58	13 47	14 36	18 80	23 24
		$ 46 70	$ 71 85	$ 97 02	$ 122 18	$ 147 35	$ 172 51	$ 197 68	$ 222 84	$ 248 00	$ 273 16	$ 298 33	$ 323 49	$ 348 66	$ 373 82	$ 398 99	$ 524 80	$ 650 62
1921																		
Jan. 2	Balance	$ 46 70	$ 71 85	$ 97 02	$ 122 18	$ 147 35	$ 172 51	$ 197 68	$ 222 84	$ 248 00	$ 273 16	$ 298 33	$ 323 49	$ 348 66	$ 373 82	$ 398 99	$ 524 80	$ 650 62
" 2	1% of Wages (Minimum)	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00
Dec. 31	12 Monthly Payments	12 00	24 00	36 00	48 00	60 00	72 00	84 00	96 00	108 00	120 00	132 00	144 00	156 00	168 00	180 00	240 00	200 00
" 31	Interest at 5%	3 11	4 65	6 17	7 71	9 24	10 78	12 31	13 84	15 38	16 91	18 44	19 97	21 51	23 04	24 57	32 24	39 28
		$ 71 81	$ 110 50	$ 149 19	$ 187 89	$ 226 59	$ 265 29	$ 303 99	$ 342 68	$ 381 38	$ 420 07	$ 458 77	$ 497 46	$ 536 17	$ 574 86	$ 613 56	$ 807 04	$ 899 90
1922																		
Jan. 2	Balance	$ 71 81	$ 110 50	$ 149 19	$ 187 89	$ 226 59	$ 265 29	$ 303 99	$ 342 68	$ 381 38	$ 420 07	$ 458 77	$ 497 46	$ 536 17	$ 574 86	$ 613 56	$ 807 04	$ 899 90
" 2	1% of Wages (Minimum)	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00
Dec. 31	12 Monthly Payments	12 00	24 00	36 00	48 00	60 00	72 00	84 00	96 00	108 00	120 00	132 00	144 00	156 00	168 00	180 00	80 00	.....
" 31	Interest at 5%	4 36	6 57	8 78	10 99	13 20	15 41	17 62	19 83	22 04	24 25	26 46	28 67	30 88	33 09	35 30	44 02	45 50
		$ 98 17	$ 151 07	$ 203 97	$ 256 88	$ 309 79	$ 362 70	$ 415 61	$ 468 51	$ 521 42	$ 574 32	$ 627 23	$ 680 13	$ 733 05	$ 785 95	$ 838 86	$ 941 06	$ 955 40
1923																		
Jan. 2	Balance	$ 98 17	$ 151 07	$ 203 97	$ 256 88	$ 309 79	$ 362 70	$ 415 61	$ 468 51	$ 521 42	$ 574 32	$ 627 23	$ 680 13	$ 733 05	$ 785 95	$ 838 86	$ 941 06	$ 955 40
" 2	1% of Wages (Minimum)	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00
Dec. 31	12 Monthly Payments	12 00	24 00	36 00	48 00	60 00	72 00	84 00	96 00	108 00	120 00	132 00	144 00	156 00	168 00	105 00	.....	....
" 31	Interest at 5%	5 68	8 60	11 53	14 45	17 36	20 28	23 21	26 13	29 05	31 97	34 89	37 81	40 73	43 65	45 94	47 55	48 27
		$ 125 85	$ 193 67	$ 261 50	$ 329 33	$ 397 15	$ 464 98	$ 532 82	$ 600 64	$ 668 47	$ 736 29	$ 804 12	$ 871 94	$ 939 78	$1007 60	$ 999 80	$ 998 61	$1013 67
1924																		
Jan 2	Balance	$ 125 85	$ 193 67	$ 261 50	$ 329 33	$ 397 15	$ 464 98	$ 532 82	$ 600 64	$ 668 47	$ 736 29	$ 804 12	$ 871 94	$ 939 78	$1007 60	$ 999 80	$ 998 61	$1013 67
" 2	1% of Wages (Minimum)	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00	10 00
	Total Credit— Jan. 2, 1924	$ 135 85	$ 203 67	$ 271 50	$ 339 33	$ 407 15	$ 474 98	$ 542 82	$ 610 64	$ 678 47	$ 746 29	$ 814 12	$ 881 94	$ 949 78	$1017 60	$1009 80	$1008 61	$1023 67

How the International Harvester Company visualizes profit-sharing to its employees. Even the best salesmen have considerable difficulty in grasping profit-sharing plans.

to reduction to the old basis at the end of any quarter, however, if his sales fall behind the rate of sales of the previous year which produce his bonus.

The Globe Optical Company have a somewhat similar plan, whereby the salesman is paid a per cent of the profit on sales exceeding his last year's total. This plan is described by Mr. R. C. Thompson, treasurer of the company, as follows:

With our salesmen we do as follows: Every salesman is entitled to ten per cent of his personal sales which are credited by us as they are shipped. Each salesman has a regular expense account and a drawing account based on the previous year's experience. The difference remaining, between the amount of his drawing account plus his current expenses and the ten per cent of his personal sales, is paid him each year. We have had this plan in operation for the past ten years, and it has worked out entirely satisfactorily. There have been years when a salesman possibly would not sell the amount he sold the year previous; in that case, there would really be a debit balance against him which would be carried into the next year. This, however, has only occurred on one or two occasions; mainly the men sell each year more than the year previous so that they have a constantly growing account.

We have this arrangement on personal sales for two reasons - first, we work on a territory intensively, sometimes having three men going to the same city so that it would be rather difficult to work it on the question of book sales; second, we believe that by keeping it on a personal sales basis we get better work from the men.

Another subscriber reporting, uses a plan whereby a fixed percentage is allowed for selling, and when sales on a territory exceed the volume necessary to meet this fixed percentage for sales, the salesman is given a commission of one-half the percentage saved. The plan is that of the William Roberts Laboratories, Port Chester, N. Y. (formerly the William Hall Laboratories). Mr. D. H. Smith illustrates the operation as follows:

Assuming our selling percentage is ten, if a salesman's territory brings in five thousand dollars in one month the allowance for selling, including salary and expenses, would be five hundred dollars. But supposing salary and expenses amounted to only four hundred dollars in that month, then we would allow the salesman fifty dollars bonus.

Sales	$5,000	
Selling Exp. Allowed	$ 500	10%
Actual Expense	$ 400	8%
Saving	$ 100	2%
½ to Salesman	$ 50	1%

At the end of six months or a year we might find our average selling expense was only 9 per cent. Then, this would be the fixed allowance for selling during the next period.

Needless to say, our figures are based on billing, and returned goods or unpaid bills are deducted.

OTHER PROFIT-SHARING PLANS IN USE: The American Rolling Mill Company, Middletown, Ohio, have a plan for sharing profits with salaried employees which has been in force since 1916. Under this plan, salaried employees are divided into two groups, those receiving less than $100 a month, and those receiving more than $100 a month. All such employees in the first group, whose services have been satisfactory to their superior officers for the year, and who have been continuously employed by the company as a salaried employee for at least eighteen months, receive 5% of the amount of their salaries; those employed two and a half years and under five years 10%, and those five years and under ten years 12½%. In cases of salaried employees receiving over $100 a month, a profit-sharing fund is provided, and distributed by the management on the following basis:

Character of position held.
Character and extent of the responsibility of that position.
Character of service rendered in that position.
Character and extent of co-operation given to other special partners and to the company.
Loyalty to all things Armco.
The general character of Armco Spirit displayed all through the year.

The Central Ohio Paper Company have a somewhat different plan which provides for a percentage of profits to be paid to the salesman, and the further stipulation that his salary shall be regulated accordingly for the future. H. C. Hanna describes this plan as follows:

The salesman had a stated salary, for instance in 1919, and on his gross profits of $40,000.00 we gave him 10% of all over $40,000.00 profit he made in the ensuing year, and also based his salary for the coming year on his old salary plus the 10% he had made above the quota the previous year; in other words, if he had been making $3000.00 a year and his bonus was $300.00, his salary for the coming year would

be $3300.00 and his quota would be based on the total amount of profit he made on his sales the year preceding. I believe this is not an unusual method of procedure, but we liked it very much.

Another paper house, Wright, Barrett & Stilwell of St. Paul, pay each salesman 33 1/3 per cent of his gross profits after he has made his quota. His quota is made up of his salary, plus his share of the over-head of the business. A Hundred Per Cent Club is operated in connection with this plan, so that when a man makes his quota he knows that he is in the profit-sharing or partnership class. Jacob E. Decker & Sons pay a bonus on tonnage - that is, after a salesman exceeds his tonnage quota he receives $2.50 extra weekly for every 1,000 pounds sold over and above his quota. Numerous concerns pay a bonus out of the profits for sales to new customers. Others use sliding commissions with a different commission for each department. A large office appliance concern have what they call a profit-sharing quota plan that automatically increases the rate of commission just as soon as quota is reached. For example, a man's quota might be $50,000 and his rate of commission 5%. In the event that he makes his quota, he gets 6% on the entire month's sales.

The Electric Appliance Company fix a sales bogie for the salesmen. If they make the bogie they get a certain amount, say $200. If they exceed those earnings, they get 10% of the profit on all above that. There are many other plans, but the foregoing will serve to illustrate the varied applications of profit-sharing for salesmen and branch managers. The ideal plan for your particular business must, however, be worked out in the light of the peculiar conditions confronting you. It is next to impossible to lift a plan bodily from some other field and put it to work.

(COPY OF CONTRACT)

Dear Sir:

We are pleased to engage your services for an intermiinate period, as salesman with our ____________ Office, upon the following basis:

SALARY. On the first day of each fiscal year (Sept. 1), your salary for the new year will depend on your total gross profits for the previous year. If gross profits amount to less than $5,000, you will receive the minimum salary, namely, $100 per month. If over $5,000, you will receive a monthly salary increased at the rate of $4 for each $500. Maximum salary $450 a month. Whether your salary advances, declines or remains stationary, will depend on yourself.

COMMISSION. As commission, we will pay you at the end of each quarter a sum equal to 3 per cent of the profits, as figured by us, accruing to this office on bonds sold by you to customers, under regulations as established by us. This commission, however, will apply only on the amount of profits accruing in each year in excess of $5,000.

BONUS. We will also allow you a bonus, to be paid at the end of each fiscal year, providing you show total profits for the year in excess of $10,000. The percentage rate of the bonus will depend upon your total profits, as figured by us, and will be calculated at the rate of one per cent for each $10,000 of profits and will be figured to hundredths.

To arrive at the amount of the bonus, we will deduct from your gross profits for the year, your salary, premiums, commissions and traveling expenses; the remainder multiplied by the bonus rate, gives the bonus. The maximum bonus rate will be 10 per cent.

For the present year, the bonus will be paid on August 31, 1919, and will be figured on the profits made by you during the year ending on that date.

TERRITORY. Your territory will be allotted to you by the Sales Department.

TERMINATION OF CONTRACT.

It is also understood that we shall have the right of terminating this contract on days' notice, and you will have, likewise, the right to terminate it on giving the firm the same notice. We shall be at liberty to terminate this contract, without notice, for serious misconduct or willful neglect of duty. It is understood that you will not engage in any other business while in our employ, nor work for any other firm or corporation.

Kindly confirm and oblige,

Yours very truly,

I confirm my acceptance of the above contract.

PROFIT-SHARING FOR THE SALES MANAGER

There is evidence of a decided tendency on the part of subscribing concerns to pay sales managers a percentage of profits in addition to a fixed salary. Out of eighty-five concerns reporting on this question, nearly one-half of them stated that they either distributed a portion of the year's profits to the sales manager, or made it possible for him to secure a stock interest in the business. The consensus of opinion is that when possible, the best profit-sharing plan that may be devised is a stockholding arrangement, or in the case of concerns such as automobile trucks, pianos, etc., to decide upon a fixed bonus per sale.

It is evident that these profit-sharing plans for the sales manager are not philanthropy by any means. Conditions have so changed in business that the management that seeks to set up a closed corporation, and keep trusted employees from participating in the profits, after the usual return for capital invested and management have been deducted, is inviting disaster. An instance came to light, in our investigations, where out of ten wholesale paper houses in one Western city, all but two of them are off-springs of one company, and in practically every instance they were started by men who were refused a stock interest in the older business. It may be interesting to note also, that one of these concerns, at least, is already doing a business far in excess of that done by the old established concern. The feeling is general among the principals of the "rebel" houses, that had this older concern adopted a policy which would have kept these men in the business, it would, today, be one of the strongest paper jobbing houses in the West.

There are several ways used for transferring stock to a sales manager. If the stock is listed, the problem is simple. But if the corporation is a closed one, as is generally the case, it may be necessary to issue an adequate

SHOWING OPERATION OF PROFIT-SHARING PLAN OF SWEET, CAUSEY, FOSTER & COMPANY

(Adjusted to a basis of $100,000 annual net profit, of which 50% is distributed. Salaries chosen are hypothetical and for the purpose of illustration.)

	No. Years with Co.	Salary	×	Class Factor	=	Basis of Distribution	×	Distribution Constant	=	Share in Profits
President . .	5	$9,000		3		$27,000		.26914		$7,266.78
V.-Pres. . .	5	7,000		3		21,000		.26914		5,651.94
Sec. & Treas.	5	6,000		3		18,000		.26914		4,844.52
Head of Department .	3	5,000		2		10,000		.26914		2,691.40
Salesman . .	3 mos.	3,000		1		3,000		.26914		807.42
Salesman . .	2 yrs.	3,000		2		6,000		.26914		1,614.84
Salesman . .	4	3,000		3		9,000		.26914		2,422.26
Bookkeeper .	4	2,400		3		7,200		.26914		1,937.81
Stenographer	5	1,200		3		3,600		.26914		968.90
Office Boy .	2	720		2		1,440		.26914		387.56

Salaries for year, multiplied by Class Factor, representing length of employment, give Basis of Distribution, which, divided into $50,000—the amount to be distributed—shows the Distribution Constant to be .26914.

Total salaries for year amount to $185,780.00.

$185,780.00 | $50,000.00
.26914

The amount of each individual's salary, multiplied by his Class Factor, is then multiplied by the Distribution Constant of .26914, which gives the portion of the distributed profits to which each individual is entitled. (See table above.)

On this basis of distribution, for the first year THE EMPLOYEES ALONE WILL RECEIVE MORE THAN 31% OF THE ENTIRE NET PROFITS OF THE COMPANY after deduction of 7% on the combined capital and surplus; AND A LARGER AMOUNT AS LENGTH OF SERVICE INCREASES.

amount of treasury stock, which will then be issued to the sales manager and other department heads at its book value. If the sales manager cannot pay cash for the stock, the certificate remains in the hands of the company, the buyer giving a note for the stock at the current rate of interest. The dividends from the stock are credited to the buyer so that eventually the stock will pay for itself and the certificate with cancelled note becomes the property of the sales manager. The note, of course, is a demand note to provide for any unforeseen break in the relations which the sales manager enjoys with his house.

The feeling exists among concerns who have tried various plans for giving employees stock, that it is better to have them pay cash for it whenever possible, and it is seldom wise to make a stock gift outright. This is because a man values a thing more highly if he has to make sacrifices to obtain it. A stock gift is more or less a salary increase based on the success of the business, and the holder of such stock soon falls into the habit of looking upon it as a part of his salary.

In co-partnerships or non-stock campanies, the same end may be served by some sort of a division of profits. One concern in Elmira, who request that the use of their name be withheld, uses the following plan:

> Three executives in the following plan are involved:- The General Manager; the Sales Manager; the Works Manager. Assume the annual business for the past three years averaged $2,000,000. and that the salaries were agreeably adjusted based on that volume of business, as a basis.
>
> Assume that the total salaries of the three executives amounted to $20,000, which equals 1% on sales. Next, agree on a per cent on gross sales secured above the two million to be divided among the three executives.
>
> From personal observation, this plan resulted in team work where little existed before. The General Manager took lively interest in all plans. The Works Manager hustled out orders and new ideas and lines, and the Sales Manager was kept busy increasing his field, and all three made a handsome bonus the first year.

In our investigation, we have tried to arrive at some definite conclusions

as to a formula that might be followed in working out a profit-sharing arrangement for the sales manager. Conditions are so different in every business, even businesses in similar lines, that the figures we gathered would be of no possible use. As a general principle, we find that it is generally accepted that the sales manager should be entitled to 6 per cent of the profit shown by his department, after all over-head, taxes, etc. have been deducted. This amount to be in addition to his salary. The following agreement submitted by one concern, may be of interest in this connection:

January 1, 1919.

Mr.____________
Louisville, Ky.

Dear Sir:-

In addition to your salary or drawing account as Buyer and Department Manager, you will receive as additional compensation, 6% upon the profits shown by your Department after deducting all expenses, but without first deducting such Federal Tax as may be due, same to be effective as of January 1st, 1919.

Final settlement is to be made as soon as our books are closed, audited by expert accountants and our final report accepted by the Board of Directors.

Yours very truly,

REM:LT

V. P. & General Manager.

WHERE FURTHER INFORMATION ABOUT PROFIT-SHARING PLANS MAY BE SECURED

BENEFIT PLANS FOR THE EMPLOYEES OF THE INTERNATIONAL HARVESTER CO.
A booklet -- Write: George A. Ranney, Treasurer,
International Harvester Company, Chicago.

STUDEBAKER CO-OPERATIVE PLANS -- A booklet
Write: N. R. Feltes, Treasurer,
The Studebaker Corporation, South Bend, Ind.

PROFIT-SHARING -- Report No. 14 - To subscribers only - not for sale
- Alexander Hamilton Institute,
Astor Place, New York.

REVISED PLAN FOR PROFIT-SHARING DIVIDENDS FOR EMPLOYEES -- A booklet
Write: Mr. William Cooper Proctor,
Proctor & Gamble Co., Cincinnati, Ohio.

PROFIT-SHARING AS AN AID TO CONTENTED LABOR -- A report
Write: Mallory, Mitchell & Faust, Adv. Agts.,
Security Building, Chicago.

CO-OPERATIVE PLANS OF THE A. W. BURRITT CO. -- A booklet
Write: A. W. Burritt, Treasurer,
A. W. Burritt Company, Bridgeport, Conn.

SEARS, ROEBUCK & COMPANY'S PROFIT-SHARING PLAN -- A pamphlet
Write: William C. Graves, Sec'y. to Julius Rosenwald,
Sears, Roebuck & Company, Chicago.

INDUSTRIAL PARTNERSHIP PLAN OF DENNISON MFG. CO. -- A booklet
Write: Henry S. Dennison, Framingham, Mass.

PROFIT-SHARING PLAN OF SWEET, CAUSEY FOSTER & CO. -- A booklet
Write: Sweet, Causey Foster & Co.,
Equitable Bldg., Denver, Colo.

Series of articles in Chicago Tribune by Arthur M. Evans -- 1918 and 1919.

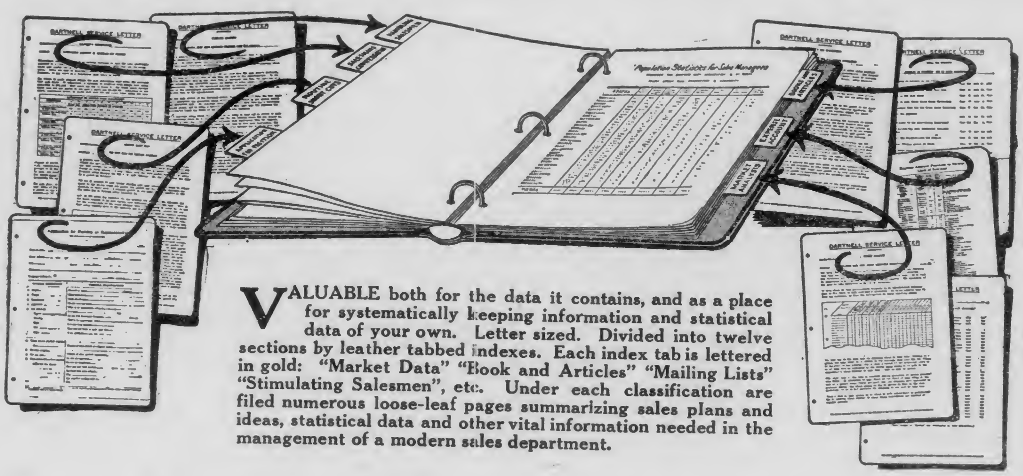
Article in "System Magazine" A. W. Shaw Company, Chicago - January 1919 issue.

Article by Forrest Crissey in Saturday Evening Post - for October 4th, 1919.

Bulletin #208 U.S. Dept. of Labor, Government Printing Office, Washington, D.C.

An investigation of the Ford Profit-Sharing Plan -- Detroit News.

Book by A. W. Burritt, Harper Brothers, New York (1918)



VALUABLE both for the data it contains, and as a place for systematically keeping information and statistical data of your own. Letter sized. Divided into twelve sections by leather tabbed indexes. Each index tab is lettered in gold: "Market Data" "Book and Articles" "Mailing Lists" "Stimulating Salesmen", etc. Under each classification are filed numerous loose-leaf pages summarizing sales plans and ideas, statistical data and other vital information needed in the management of a modern sales department.

Over 10,000 of These Desk Books Now in Use by Sales Managers

No well-equipped sales department can afford to be without it. It will repay its cost many times every month. It summarizes in a few hundred boiled down letters the picked sales plans of America's most successful sales executives. Invaluable for working out sales campaigns, re-organizing the sales force, for house organs and sales bulletin material, assigning sales quotas, etc. Every plan fully described with all working information.

Some of the Information the New Dartnell Desk Book Contains:

Plans for Speeding Sales: Graphs that show salesmen business they are missing; Ratz plan for routing salesmen; plan for developing all around efficiency; checking methods to show territory conditions, etc., etc.

References for Sales Executives: List of articles that have appeared in Sales Management Magazine, Printers' Ink, Advertising & Selling, The Mail Bag, and other publications of value to a sales executive. Lists of books relating to sales management and selling. How to arrange this data.

Vital Sales Statistics: Statistics for reassigning quotas; analysis of auto registrations by states; chart analysis of retail selling data; charts showing when farmers buy; market data for developing the small town market; automobile expense data; etc.

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